

# VERMONT PUBLIC POWER SUPPLY AUTHORITY

---

5195 Waterbury-Stowe Road • P.O. Box 298 • Waterbury Ctr., VT 05677-0298  
(802) 244-7678 Fax (802) 244-6889 [www.vppsa.com](http://www.vppsa.com)

Sent by Email to [psb.clerk@state.vt.us](mailto:psb.clerk@state.vt.us); RGGI group E-Mail distribution list

July 11, 2008

Susan M. Hudson, Clerk of the Board  
112 State Street  
4<sup>th</sup> Floor  
Montpelier, VT 05620-2701

RE: "RGGI Staff Report and Recommendation Comments"

Dear Mrs. Hudson:

This letter contains comments on behalf of the Group of Municipal Electric Utilities<sup>1</sup> ("Municipals") pursuant to the Public Service Board's ("Board") memorandum dated June 30, 2008 requesting comments on the Public Service Board staff report and recommendation for implementation of a Vermont Trustee. We support the Board's continued efforts to hold preliminary workshops and involve parties to create a structure that fits Vermont. The Board's memorandum requested written comments by the close of business on July 11, 2008.

The Municipals agree with the Board's recommendation to follow the "hybrid" approach for the Trustee model. In this model the Board gives the Trustee limited discretion in RGGI auction matters and ultimately the Board retains decision making authority. The Municipals agree that this is an important feature given the infancy of this market and to achieve compliance with 30 V.S.A. § 255.

The Board's staff report includes a recommendation to use the EEU Fiscal Agent as the Trustee. The Municipals are unclear if delegating to an existing entity is in compliance with state protocol requiring competitive bidding. While the Municipals have no direct knowledge of Batchelder Associates' services and qualifications, the selection of the company without a bid process could be problematic. The Municipals understand that the process needs to be expedited due to the desire of having a Trustee in place by mid July in order to participate in the upcoming September auction. Given the short time frame to participate in the upcoming auction, the Municipals ask that the contract be given only a one year term so that a more formal bid process can be used in future years.

The Municipals agree with the Board's recommendation to have RGGI, Inc. report on market analysis and monitor auction results as being the most efficient and cost effective way to monitor the auctions effects on Vermont. The Municipals ask that any reports from RGGI, Inc be posted on the Board's website and notice be made to interested parties when new reports arrive. It is our understanding that the Board will have direction on what will be reported and at what intervals through the formation of a contract with RGGI, Inc. for its services and asks that interested parties are allowed input in the reporting requirements. The Municipals ask that this contract only be made for a period of one year to allow for analysis of RGGI Inc's performance and allow for replacement should the performance not meet Vermont's needs.

The Municipals also agree with the Board's recommendation that a self selecting "Advisory Committee" of interested parties should be formed as outlined in the "hybrid" model. It is understood that this Advisory Committee will be asked to

---

<sup>1</sup> Barton Village, Inc. Electric Department; Enosburg Falls Electric Light Department; Hardwick Electric Department; Hyde Park Electric Department; Jacksonville Electric Department; Johnson Electric Department; Ludlow Electric Light Department; Lyndonville Electric Department; Morrisville Water & Light Department; Northfield Electric Department; Inc. Village of Orleans Electric Department; Readsboro Electric Light Department; and Swanton Electric Department.

submit comments to all members of the Committee in order to garner the most information and guidance for the Board prior to its decision on RGGI market matters. It is also understood that this Committee process will act similarly to the current workshop process, but emit much less carbon through travel in keeping with the spirit of RGGI.

The Municipals further request that reporting requirements under the set-aside allowance structure, concerning voluntary renewable pricing programs, be set up in a manner that does not create duplicate reporting. This concern comes from possible participation in the Clean Energy Development Fund (CEDF) as a voluntary renewable pricing program. If a voluntary renewable pricing program consists of customer contributions to the CEDF in accordance with the legislation allowing that mechanism, then the report of participation should be through the CEDF, and corresponding requests for retirement of associated CO<sub>2</sub> allowances should also come from CEDF rather than the municipal systems. This reasoning is because the Municipals will not know how the CEDF used the municipal consumer contributions, given that those funds are mixed in with other funding sources, and therefore the Municipals could not report their individual energy participation levels and request CO<sub>2</sub> allowances as outlined in the staff recommendations.

The Municipals agree that the New England Power Pool Generation Information System's marginal CO<sub>2</sub> emissions rate is the rate to use when calculation the benefit of a renewable program. The Municipals would like to suggest that specifying the use of the "NEPOOL Residual Mix," when calculating the number of allowances to be retired as well as the correct conversion to short tons.

In summary, here is a list of the comments by subject:

- Future bidding process be implemented for selection of the Trustee
- Transparency in reporting through posting on the Public Service Board website
- Advisory Committee input on reporting requirements of RGGI, Inc.
- Avoid duplicative reporting requirements
- Use of NEPOOL residual mix when calculating CO<sub>2</sub> emissions reductions

Thank you for the opportunity to submit comments on this new market.

If you have any questions or concerns please contact me at 802.244.7678 ext 232

Sincerely,

Brian Callnan  
Senior Analyst